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ABSTRACT

The booklet provides general information on the special education market, with attention given to the relationship to the overall education market. Statistics are presented which relate to the amount of dollars spent in the field; reasons for difficulty in marketing media and materials for handicapped learners; allocation of funds as specified by P.L. 94-142 (Education of All Handicapped Children Act); the national budget; and the number of handicapped children (served and unserved). Also given is a list of information sources. (SBH)

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Special Education Market Report

This report is intended to be a general information report on the special education market, noting the relationship to the overall education market. The National Center on Educational Media and Materials for the Handicapped (NCEMMH) will continue to monitor the special education market and this information will be made available to publishers and developers as it becomes available.

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The National Center on Educational Media and Materials for the Handicapped (NCEMMH) in cooperation with the national system of learning resource centers, professional associations, various other public and private agencies, and interested individuals provides a comprehensive program of activities to facilitate the use of new educational technology in instructional programs for handicapped persons. NCEMMH provides leadership and service in the development, design, and dissemination of learning resources that are effective for the handicapped.

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GENERAL INFORMATION

Education is a big business.

Education spending for 1976–77 is $130 billion, up $10 billion from the previous year. The Department of Health, Education and Welfare (HEW) estimates $13.4 billion or 10.3% comes from the federal government, $45 billion or 34.5% from states and $38.2 billion or 29.3% from local governments with $33.7 billion or 25.9% coming from other sources.* Education is the primary activity of 63.6 million people or three people out of every ten.

The total spending for education last year amounted to 8% of the gross national product. The states spent more on education than on anything else. Education expenditures went up 15.3% from the previous fiscal year–cornering $54 billion out of total state expenditures of $156.2 billion. State support for public schools in the 1975–76 school year ranged from New Hampshire's low of 6% to Hawaii's high of 100%.

According to the National Center for Education Statistics, there will be a continuing decline in elementary students for the next five years, with secondary population starting to decrease but the young adult population still growing through 1980.

Total enrollment in K-12 totaled over 50 million in the fall of 1975–almost 45 milion of that total were in public schools. The average expenditure per pupil in 1975–76 was $1,388.

*_Education Daily_, September 15, 1976

From a budget standpoint, 1977 was a tight year for educational media. The inflationary spiral of all costs of education—complicated by unprecedented energy problems and cost—coupled with declining school enrollment and reduced federal aid, has put instructional media on the line. The *Educational Marketer* states that the 1977 market for educational materials is characterized by too much product and companies must create a need in school districts for these materials. The School Division of the Association of American Publishers unveiled a proposal for an 18 month $100,000 public relations campaign—designed to focus on the importance and value of instructional materials—to reverse the current trend of school budgets where instructional materials spending has dropped from 1.5% in 1965 to below 1% today. This drop in spending has come about even though 90-95% of all instruction conducted in the classroom involves the use of an instructional material of one sort or another. Most teachers have little time or opportunity to select the instructional materials they use, and they tend to view these materials as simply products of a competitive commercial industry.

By 1978, the status of media should begin to improve, and by the end of the decade the value of instructional media in the minds of educational administrators can be expected to be strengthened, according to *Educational Marketer.* From the standpoint of suppliers of materials and equipment, replacements will be a major factor. In the 1980s enrollments should begin to increase again, thus necessitating new equipment and materials.

SPECIAL EDUCATION

Although handicapped learners comprise approximately 8% of the present total being educated, marketing media and materials for their education has been difficult because (according to Dr. H. Ray Hoops, Fellow–Inter-government Affairs HEW):

1) Local funding lags substantially behind social pronouncements of the intent to educate everybody.

2) Schools have not changed their structure to accommodate individual handicapped students, but were set up for groups of nonhandicapped children.

3) Accountability is not prevalent.

4) School systems are fundamentally rigid bureaucracies with virtually no operating discretion or flexibility.

5) Educators responsible for spending money and making changes often are not trained in or exposed to the media/materials needs of the handicapped.

6) Communications within the education community are often poor.

7) Buyers still think in terms of groups instead of populations of individuals who needed special materials.

8) Sales intense materials to these markets are usually more expensive.

9) Validation is not frequently understood.

10) Dissemination of validated materials has not received the same emphasis as the creation of material.

11) Materials which are aids for teachers are seen as discretionary or luxuries with salaries viewed as necessities.

12) Education is labor intense—percentage of dollars spent for materials is low compared to the total amount of expenditures.

13) Materials selected must have group applicability.

14) Educators do not have a version of *Consumer Reports* to assist in making sound buying decisions.

SPECIAL EDUCATION MARKETING TO DATE

Because publishers generally do not evaluate materials for marketing decisions, but rather evaluate buyers, there was a reluctance for commercial publishers to produce media and materials intended primarily for handicapped learners. This was a "thin market" in the usual commercial sense of the word. The money was not available, the market was undefined, and there was a lack of cohesive federal policy.

PUBLIC LAW 94-142 (THE EDUCATION FOR ALL HANDICAPPED CHILDREN ACT OF 1975)

The special education market has been improved considerably with the advent of P.L. 94-142. This law establishes a formula by which the federal government makes a commitment to pay a gradually-escalating percentage of the national average expenditure per public school child times the number of handicapped children being served in the school districts of each state in the nation. That percentage will escalate on a yearly basis until 1982 when it will become a permanent 40% for that year and all subsequent years. The formula scale is:

Fiscal 1978 ..... 5%
Fiscal 1979 .....10%
Fiscal 1980 .....20%
Fiscal 1981 .....30%
Fiscal 1982 .....40%

It should be noted that such a formula carries an inflation factor—the actual money figure fluctuates with inflationary-deflationary adjustments in the national average per pupil expenditure. It also should be noted that federal monies must be spent only for those "excess cost" factors attendant to the higher cost of educating handicapped children.

P.L. 94-142 stipulates that all handicapped children aged three to twenty-one may enjoy the special education and related services provided through this measure. The first priority is for unserved children with the second priority being inadequately served when they are severely disabled (within each disability).

There is substantial pass-through to the local school districts. In the first year of the new formula, 50% of the monies going to each state would be allocated to the state education agency and 50% would be allocated to the local agencies. In 1979, a permanent distribution arrangement of 25% for the state and 75% for the local education agencies takes effect. Presently, the states control distribution of all funds.

One of the major objectives of the Education of All Handicapped Bill is to achieve optimum "mainstreaming" of handi-

capped children. Children's problems are now being recognized and handled in the normal classroom environment as well as in special education facilities. Consequently, educators will be looking for equipment that can be used not only in the special education setting, but that also can be adapted to the regular classroom.

Depending on their opinion of the effectiveness of mainstreaming, educators either feel that the supply of special education teachers is sufficient or they feel that there is a great need. They all agree that there is a need for more training for regular classroom teachers who will be involved with mainstreaming. National Advisory Committee of the Handicapped Chairman Charles Wrobel says that placement in a regular education program may be optimal for many handicapped children but previously unserved or inadequately served pupils will require the continuing services of special education professionals. Wrobel says there is a need for expanded rather than decreased federal support for training of special educators at the preservice level.

P.L. 94-142 includes children with specific learning disabilities. This law requires the development of an individualized written education program for each and every handicapped child served within a given state—to be designed initially in consultation with parents or guardians and to be reviewed and revised as necessary, but at least annually. A special incentive grant aimed at encouraging the states to provide special education and related services to its preschool handicapped children is also included in the law. Each handicapped child in the state aged three to five who is counted as served will generate a special $300 entitlement. This money goes to the state education agency and is a separate line appropriation.

FINANCIAL REALITIES

Thus, the basic challenge in special education today is the conversion of promise into reality.

The Carter administration 1978 budget request for handicapped education is $519,925,000—up $50.565 million from the 1977 level. Bureau of Education for the Handicapped (BEH) Deputy Commissioner Edwin Martin told the House Labor-HEW Appro-

priations Subcommittee in March that the states are "in principal prepared" to educate all their handicapped children, and he asked for the almost $520 million dollar amount to help them get on with the job. Martin said 73% or $377.5 million would be needed to "meet the mandate of the Education for All Handicapped Children Act" with $365 million–$50 million over 1977–for state grants and $12.5 million for preschool incentive grants. State grants under P.L. 94-142 are advance funded, meaning that appropriations passed one year are used by school districts the following fiscal year.

However, only 20% of state education committee chairmen think their states are going to meet a 1979 federal deadline for providing "free and appropriate education" for all handicapped children. In addition, many special education supervisors feel that although the intent of P.L. 94-142 is laudable, the scope of the law is much too wide, particularly since complete funding is not available.

Rounding off the request, Martin said $143,425,000 would be needed for discretionary programs under the Education of the Handicapped Act–P.L. 91-230–in fiscal 1978, with all programs funded at the figure they got in 1977 and $2.3 million, up $565,000 from last year, for special studies mandated by P.L. 94-142. Martin described the discretionary programs as the "cutting edge for initiating and continuing innovation, demonstration, and technical assistance activities that aid the states in meeting P.L. 94-142."

In March, then acting U. S. Commissioner of Education William Pierce suggested that the federal share of education costs will not increase much in the near future but the spending priorities for education may be reshaped. Presently, the percentage of public school monies contributed by the federal government varies widely among the states, ranging from 3.8% in Michigan to 21.2% in Mississippi, compared with a national average of 8% in the school year 1975-76.

Many supervisors do feel that once the guidelines are established to fulfill the requirement of individualized programs, the accountability factor will foster higher quality in special education.

MARKET POTENTIAL FOR SPECIAL EDUCATION

Nonetheless, whatever the problems and time involved and even though many special education personnel are not thrilled with all the aspects of the law, we know that states will do their best to comply with the law as more new money is flowing into special education than into any other field. Also compliance with this law may be necessary to enable the states to qualify for other federal monies.

The educational media and materials for the handicapped area appears to be an important one for publishers. Because it is not possible to design a single method of instruction or a single textbook that will work with all students, and because parents will be holding educators increasingly accountable for the type and quality of education their children receive, special educators will be looking for materials keyed to the needs of handicapped learners. As mentioned before, special education materials that can be adapted to the regular classroom will be a plus. The overall requirements indicate that multi-media materials will be a necessity. *Hope Reports* states that 89% of present industry sales are in multi-media kits, 16mm film and sound film.

Not only will the funding increase in the special education market, but the market will grow as states accommodate the approximately 4.5 million handicapped children that are not presently being served as well as trying to serve better those of the approximately 3.5 million handicapped children presently being served. Federally supported "child find" projects are seeking to locate the children and youth not receiving assistance in alleviating their handicapping conditions.

PRESENT MARKET INFORMATION

Because there still are many problems involved with identifying and verifying the handicapped learner market, everyone involved will find it necessary to make projections from the soft information that is available in order to gear up and be prepared for this growing market.

HEW presently depends on child counts that each state must prepare each October and each February. Because HEW wants

to have a better grasp of the market, it is funding many studies, three of which are:

1) Council of Exceptional Children—to determine better definitions for each handicap

2) Stanford—to validate the count of the handicapped

3) Management Analysis Center—to study the data reporting now being done by the states

In the meantime, we must proceed based on what we do know. We know that the quality of the educational media and materials resources of education has become a matter of widespread concern. More and more citizens' groups, school boards and other agencies seem to view them as key elements in control of the education system. Educators believe the choice of media to be employed in the classroom should take place before the items are produced, not afterwards. California has passed a "learner verification" law and has instituted procedures that all commercially produced media be "learner verified" before they may be acquired.

Because the best of educational technology and instructional materials must be made available to the teachers who must carry out the individualized education programs, we feel that special educators will select products that have been reviewed and tested by agencies dealing with special education for the handicapped such as NCEMMH. Special educators have told us that because they have been disappointed with special education products that sounded good but did not work, they are extremely cautious with their selections. Also, because special educators are even busier because of working with the requirements of the law, they will be much more inclined to buy "verified" products.

Special educators told the Association of Media Producers that materials stressing sequential development are essential and cautioned them against labeling products as "designed for mentally retarded children" or "effective with learning disabled children" since materials stressing sequential skill can be used effectively with most handicapped children. We find that special educators are more apt to pay attention to advertising that includes a sampling of the products, rather than just descriptions.

The market is there and growing and the money is coming and will be growing.

STATISTICS OF THE SPECIAL EDUCATION MARKET

To date, the more obvious the handicapping condition, the more likely the child would receive special assistance. Consider these statistics:

- More than 90% of the deaf children have been helped to function on an improved basis. On the other hand, less than 20% of the children diagnosed as being hard of hearing receive specialized instruction.

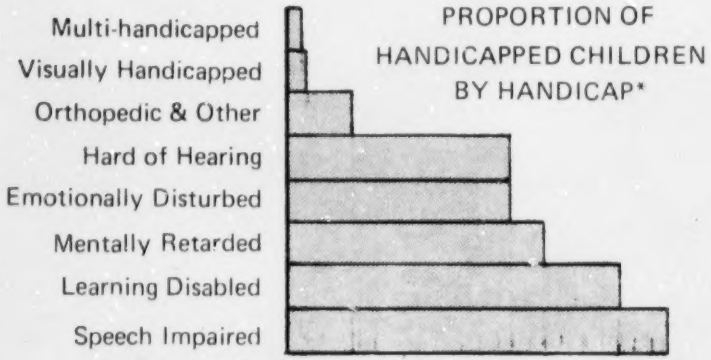
- Nearly 80% of the children who have a crippling condition or severe health impairment have received special help. Less than 20% of the children diagnosed as emotionally disturbed have been aided or provided with special services.

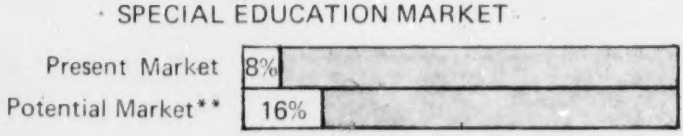
- About 90% of the mentally retarded are receiving assistance as contrasted with 13% of the children with learning disabilities who are being helped. There are some experts who believe less than 5% of the learning disabled are being given adequate help at the present time.

These statistics point out quite vividly the amount of work that needs to be done to aid those with handicapping conditions. Progress has been made when you consider that almost 90% of the nation's children with visual impairments are being given special assistance.

The U. S. Office of Education estimates that there are 7.8 million handicapped children and youths. Of that number, approximately 1 million children under the age of five have one or more handicapping conditions. At the preschool level, approximately 62% are not receiving adequate educational assistance. At school age, from six to nineteen years of age, approximately half of the handicapped children are not receiving help. The magnitude of the problem becomes apparent when you consider the numbers involved:

Speech impaired	2.2 million
Learning disabled	1.9 million
Mentally retarded	1.5 million
Emotionally disturbed	1.3 million
Hard of hearing	328 thousand
Orthopedic and health impaired	328 thousand
Visually handicapped	66 thousand
Multi-handicapped	40 thousand





* Based on 1976 BEH figures
** due to P.L. 94-142

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